

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ARA-06 SP-02 AID-05 EB-07 NSC-05

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5713

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POUCHED FOR INFO TO ALL CONSULAR POSTS IN CANADA

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TAGS ETRD EFIN CA CU

SUBJ RECENT DEVELOPMENTS IN CANADA'S
ECONOMIC RELATIONS WITH CUBA

REFS A) OTTAWA 4138, 12/20/74

B) OTTAWA 4149, 12/23/74

C) OTTAWA 4177, 12/27/74

D) OTTAWA 201, 1/17/75

1. BEGIN SUMMARY. GOC HAS ANNOUNCED \$10 MILLION
LINE OF CREDIT FOR CUBA AND \$2.675 MILLION GRANT
FOR TECHNICAL ASSISTANCE. CANADA'S
TRADE WITH CUBA IS BURGEONING AND A CUBAN TRADE
OFFICIAL REPORTEDLY HOPES FOR SALES OF \$85 MILLION
TO CANADA IN 1975, INCLUDING DOUBLE THE 96,000
SHORT TONS OF SUGAR SOLD TO CANADA IN 1974.
CANADIAN TOURISM TO CUBA ALSO BURGEONING. RECENT
10-DAY VISIT OF CUBAN NATIONAL BANK PRESIDENT
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HAS BEEN GIVEN HEAVY PUBLICITY, INCLUDING HIS

MEETINGS WITH SEVERAL GOC MINISTERS. MINISTERIAL
TRADE MISSION TO CUBA NOW FIXED FOR MARCH 19-24,
WITH PARTICIPATION BY SEVERAL PROMINENT CANADIAN
COMPANIES. CANADIAN OFFICIALS ADVISE EMBASSY
THAT CUBANS COOPERATING WITH THEM IN MUTING
US-CANADIAN DIFFERENCES OVER CUBAN TRADE POLICY.
END SUMMARY.

2. EXTAFF MINISTER MACEACHEN HAS ANNOUNCED
APPROVAL OF \$10 MILLION LINE OF CREDIT AND
GRANT OF \$2.675 MILLION FOR TECHNICAL
ASSISTANCE TO CUBA. LINE OF CREDIT TO BE FINANCED
BY CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)
OVER THREE YEARS, CARRIES INTEREST AT 3 PERCENT
PER YEAR AND MATURES IN 30 YEARS. REPAYMENTS
START AFTER SEVEN YEARS. (CANADIAN PRESS
REPORTS THAT FINANCE DEPARTMENT PREVAILED OVER
EXTAFF AND CIDA IN HARDENING TERMS FROM
ORIGINAL PROPOSAL OF 50 YEAR, INTEREST-FREE LOAN
WITH 10-YEAR GRACE PERIOD, REF. B.) TECHNICAL
ASSISTANCE WILL BE PAID BY CIDA GRANTS,
ALSO SPREAD OVER THREE YEARS.

3. LINE OF CREDIT IS FOR LARGE VARIETY OF
CANADIAN MATERIALS TO BE USED MAINLY IN PUBLIC
HEALTH SERVICES, AN ANIMAL HEALTH LABORATORY,
AND PHARMACEUTICAL INDUSTRY. ITEMS THAT COULD
BE PURCHASED UNDER AGREEMENT RANGE FROM
TABLE FANS TO POLYGRAPH RECORDERS. (LATTER TO
BE USED IN ANIMAL HEALTH RESEARCH TO REGISTER
MUSCULAR AND NERVOUS REACTIONS IN BIOLOGICAL
SYSTEMS SUBJECTED TO DIFFERENT STRESSES.)
UNDER THE LINE OF CREDIT, CANADIAN EXPORTERS
MAY SELL DEVELOPMENT-RELATED ITEMS TO CUBA
AND SEND THEIR BILLS TO CIDA, WHICH WILL PAY
EXPORTERS DIRECTLY.

4. TECHNICAL ASSISTANCE GRANT WILL CONSIST
OF SECOND PHASE OF FEASIBILITY STUDY OF CITRUS
AND PINEAPPLE INDUSTRY (\$475,000), ASSISTANCE
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TO NATIONAL FISHERIES INSTITUTE (\$1.7 MILLION),
INCLUDING SOME \$840,000 IN CANADIAN EQUIPMENT),
TRAINING IN MANAGEMENT AND MAINTENANCE OF
MEDICAL EQUIPMENT (\$270,000), TRAINING IN
SCIENTIFIC RESEARCH (\$100,000) AND TRAINING IN
ANIMAL HEALTH RESEARCH (\$130,000).

5. FURTHER PARTICULARS ENROUTE TO WASHINGTON

BY AIRPOUCH.

6. CANADA IS NOW CUBA'S THIRD OR FOURTH LARGEST SUPPLIER, AFTER THE USSR, JAPAN AND ARGENTINA. CANADA'S BURGEONING EXPORTS TO CUBA WERE VALUED AT \$144.6 MILLION IN 1974 (COMPARED WITH \$81.7 MILLION IN 1973 AND \$57.6 MILLION IN 1972). EXPORTS IN 1974 PRETTY MUCH FOLLOWED ESTABLISHED COMMODITY PATTERN, EMBRACED SOME 200 COMMODITY ITEMS, AND WERE CONCENTRATED ON WHEAT \$42.8 MILLION; FLOUR \$26.3 MILLION; LUMBER \$8.8 MILLION; WOOD PULP \$3 MILLION; PAPER AND LIVERBOARD \$2.5 MILLION; TALLOW \$5.8 MILLION; COPPER BARS, RODS AND SHAPES \$1 MILLION; INSULATED WIRE AND CABLE \$2.5 MILLION; ELECTRIC LIGHTING FIXTURES AND PARTS \$2.5 MILLION; TRANSFORMERS AND PARTS \$2 MILLION; AND PUREBRED CATTLE \$2 MILLION. CANADA'S IMPORTS FROM CUBA FOR 11 MONTHS OF 1974 WERE \$59.2 MILLION. YEAR END TOTAL PROBABLY WILL NOT EXCEED \$61 MILLION OR \$62 MILLION, ACCORDING TO DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (ITC) SOURCES. TWELVE-MONTH FIGURES FOR 1973 WERE \$16.6 MILLION AND FOR 1972 WERE \$11.1 MILLION. SUGAR, SHELLFISH AND TOBACCO COMPRISE BULK OF THE VALUE OF THESE IMPORTS. CANADA'S SUGAR I PORTS FROM CUBA IN 1974 APPROACHED 96,000 SHORT TONS VALUED AT \$44.2 MILLION, COMPARED WITH 1973 IMPORTS OF 49,000 SHORT TONS VALUED AT \$6.9 MILLION. (NOTE MORE THAN THREE-FOLD RISE IN AVERAGE PRICE.)

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ACTION EUR-12

INFO OCT-01 ISO-00 ARA-06 SP-02 AID-05 EB-07 NSC-05

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FM AMEMBASSY OTTAWA
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7. CANADIAN TOURISM TO CUBA ALSO BURGEONING DURING THE CURRENT WINTER SEASON, WITH AN ESTIMATED 18,000 TO 20,000 CANADIANS AVAILING THEMSELVES OF ONE-WEEK BARGAIN PACKAGE TOURS VIA CHARTER AICRAFT. COMPARABLE FIGURE FOR LAST WINTER WAS 5,000 TO 6,000. CANADIANS WE KNOW WHO HAVE PURCHASED THESE PACKAGE VACATIONS SPEAK HIGHLY OF THEM. THE FOOD AND SERVICE REPORTEDLY ARE GOOD, ALTHOUGH CUBAN RESORT HOTELS ARE A BIT RUN-DOWN. BUT THESE CANADIANS CITE FRIENDLINESS OF CUBANS, IN CONTRAST TO ATTITUDES ENCOUNTERED BY NORTH AMERICAN TOURISTS IN MUCH OF THE REST OF THE CARIBBEAN AREA THESE DAYS.

8. CANADIAN PRESS OF RECENT DAYS WAS MADE MUCH OF TEN-DAY VISIT IN MONTREAL, TORONTO AND OTTAWA OF RAUL LEON TORRES, AMERICAN-EDUCATED PRESIDENT OF CUBA'S NATIONAL BANK, WHO HAS MINISTERIAL RANK. (HE WAS PREVIOUSLY VICE MINISTER OF FOREIGN TRADE, ACCORDING TO LIMITED OFFICIAL USE

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OUR ITC SOURCES.) ONE CANADIAN NEWSPAPER WRITER HAS REPORTED THE LEON WAS INVITED TO OTTAWA BY MACEACHEN WHEN HE LEARNED LEON WAS COMING TO MONTREAL AND TORONTO TO TALK WITH COMMERCIAL BANKERS. IN OTTWA HE MET, I.A., WITH MACEACHEN, ITC MINISTER GILLESPIE, CIDA PRESIDENT GERIN-LAJOIE, EXPORT DEVELOPMENT CORPORATION (EDC) PRESIDENT AITKEN, AND, AT AN OTTAWA RECEPTION, MET SEVERAL OTHER CABINET MINISTERS, INCLUDING AGRICULTURE MINISTER WHELAN AND POSTMASTER GENERAL MACKASEY. OUR ITC SOURCES DESCRIBE LEON AS "AN IMPRESSIVE GUY, WELL PLUGGED INTO CUBA'S INDUSTRIALIZATION PROGRAMS". WITH GILLESPIE, LEON DISCUSSED TRADE AND UPCOMING GILLESPIE-LED TRADE MISSION TO CUBA.

9. LEON REPORTED BY UPI FEBRUARY 20 AS SAYING, "IT HAS BEEN A LONG TIME SINCE IT (ECONOMIC BLOCKADE BY THE U.S.) HAS HAD ANY APPRECIABLE EFFECT ON THE CUBAN ECONOMY OR OUR FOREIGN TRADE". HE ALSO SAID, "CUBA IS NOW CANADA'S FIFTEENTH LARGEST EXPORT MARKET, AHEAD OF SUCH NATIONS AS SWEDEN, SWITZERLAND OR INDIA".

10. AS PREVIOUSLY REPORTED (REF C), GILLESPIE IS SOON TO LEAD A MUCH-TOUTED TRADE MISSION OF GOVERNMENT AND BUSINESS EXECUTIVES TO CUBA (AND VENEZUELA). VISIT TO CUBA NOW FIXED FOR MARCH 19-24. AIM IS TO DEVELOP TRADE CONTACTS AND SALES CONTRACTS. ACCOMPANYING GILLESPIE FROM ITC WILL BE F.R. PETRIE, GENERAL DIRECTOR, WESTERN HEMISPHERE BUREAU; CT.T. CHARLAND, ASSISTANT DEPUTY MINISTER EXPORT DEVELOPMENT; AND A.R.A. PORTER, CHIEF, CARIBBEAN DIVISION. ALSO ON GOC SIDE OF MISSION WILL BE REPRESENTATIVES OF EDC AND EITHER JAMES S. NUTT, GENERAL DIRECTOR, BUREAU OF WESTERN HEMISPHERE AFFAIRS, OR PIERRE CHARPENTIER, DIRECTOR, LATIN AMERICAN DIVISION, EXTAFF. THE PRIVATE SECTOR CONTINGENT WILL COMPRISE LIMITED OFFICIAL USE

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SOME 23 PROMINENT BUSINESSMEN REPRESENTING FOLLOWING CANADIAN INDUSTRIAL/ECONOMIC SECTORS: RAILROADS, SHIPBUILDING, PULP AND PAPER, LUMBER, CONSULTING ENGINEERS, HOTEL FURNISHINGS, AVIATION, AGRICULTURE AND AGRICULTURAL MACHINERY, RESOURCE MATERIALS AND FERTILIZERS, BANKS AND ACADEME. THE FIRMS TO BE REPRESENTED WILL INCLUDE: CANADIAN PACIFIC, AIR CANADA, MACMILLAN BLOEDEL, ALCAN, HAWKER SIDDELEY, CANPOTEX (POTASH), AND MLW WORTHINGTON (SEE MONTREAL'S A-17 OF JANUARY 29, 1975 REPORTED PURCHASE OF CONTROL OF MLW BY BOMBARDIER LTD. OF VALCOURT, QUEBEC).

11. IN IMPARTING MUCH OF FOREGOING TO EMBASSY'S COMMERCIAL COUNSELOR, ITC OFFICIALS ASKED ABOUT THE COURSE AND LIKELY OUTCOME OF CURRENT US REVIEW OF CUBAN TRADE POLICY. EMBOFF REPLIED THAT WE WERE UNDER FIRM INSTRUCTIONS NOT TO SPECULATE ABOUT THIS, AND, PENDING COMPLETION OF REVIEW, WE APPRECIATED GOC'S COOPERATION IN AVOIDING PUBLICITY OVER US-CANADIAN DIFFERENCES. ITC SOURCES SAID THAT IN ASSISTING CANADIAN FIRMS TO OBTAIN CUBAN BUSINESS, THEY IN TURN HAVE HAD GOOD COOPERATION FROM CUBANS

IN AVOIDING SUCH PUBLICITY. CANADIANS AND
CUBANS HAVE PRETTY MUCH CONFINED THEMSELVES RECENTLY TO
WORKING OUT TECHNICAL AND COMMERCIAL ASPECTS OF PROPOSED
TRANSACTION.
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